

The Russian-American Industrial Corporation

*For Aid in the Economic
Reconstruction of Russia*

PROSPECTUS



Published by the Board of Directors of
The Russian-American Industrial Corporation
31 Union Square, New York, N. Y.

The Russian-American Industrial Corporation

For the Purpose of Running
Clothing Factories and Textile
Mills in Russia and Thus
Aiding in the Economic Re-
construction of the Workers'
and Peasants' Republic.

“It is up to the people in this country, as well as in every other country, to rise and say that the reconstruction of the world is not merely a matter for the officers of Department of State, but that the lives of millions of men and women and children are the concern of all the people.”—*Sidney Hillman.*

THE RUSSIAN-AMERICAN INDUSTRIAL CORPORATION

The Russian-American Industrial Corporation was organized on June 2, 1922, under the laws of the State of Delaware. The Corporation has received offers from the Soviet Government of Russia whereby it can receive concessions of nine (9) clothing and textile factories in Moscow and Petrograd, in return for the advance of working capital. These factories will be operated under the joint management of a Central Board, composed of representatives of the Russian-American Industrial Corporation and of the Soviet Government. Later on, according to suggestions made by the Soviet authorities, the corporation will gradually expand its activities to other industries in Russia.

ORIGIN OF THE ENTERPRISE

The plan for the organization of a million-dollar corporation described in this prospectus is an outgrowth of a visit by Sidney Hillman, President of the Amalgamated Clothing Workers of America, to Russia, in the summer of 1921. Instructed by his organization to spend a few months in

Europe for the purpose of studying economic conditions in Europe generally and in Russia in particular, President Hillman in August 1921, after having travelled through the countries of Western Europe, came to Russia and remained there for more than a month. While in Russia Mr. Hillman addressed himself to the problem of the economic reconstruction of that country. He met Lenin and other members of the Soviet government.

In Moscow and Petrograd, and in several of the smaller towns, he studied the status of industry and the operation of Russian economic organization. In particular he observed the conduct of textile and clothing factories and the degree to which these industries were meeting the needs of Russia. Fully aware of the ravages of the famine that was then devastating Russia Mr. Hillman cabled his organization to send immediately all of the relief they possibly could. But, discontent with this as a sole method of help, he realized that a new and different sort of activity was needed to put Russia on the road to a rapid and thorough-going economic and industrial reconstruction. Like many of the foreign observers, who were able to turn their attention for the moment from questions of political domination to economic salvation, he came at once to the conclusion that the revival of Russian industry and

hence of Russian economic life must wait upon the diversion into Russia of a substantial fund of foreign capital.

With the end in view of encouraging the importation of capital into Russia, Mr. Hillman consulted with Lenin and his associates concerning the method by which workingmen and sympathizers of Russia and other investors in the United States might make some of their money available to Russia for the purpose of reconstruction in that country. The outcome of these conversations between Hillman and the representatives of the Soviet Government, was an offer by the latter of the concession of certain clothing and textile factories, then and now in operation in Moscow and Petrograd, provisional upon the raising in the United States of a fund of \$1,000,000. This fund it was proposed to use in the purchase of additional equipment and supplies, so that the factories, which constituted the concession, would yield an increasing product for the use of the Russian people.

THE SOVIET CONCESSION

Specifically the proposed concession consists of six factories in Petrograd and three factories in Moscow, now operating and manufacturing a substantial product of suits, shirts, underwear, caps, gloves, overcoats,

other articles of dress and certain textile products. These factories are, at the time the concession is accepted, not employing more than 7,000 operatives. While the factories are running at a high level of efficiency and are constantly improving the quality and quantity of their output, they lack additional and improved equipment and larger supplies for the working force before they can attain a high enough level of efficiency to permit a substantial increase in their output.

Control Over the Concessions.—Once the requisite capital is raised in the United States, the agreement between Mr. Hillman and the Soviet Government provides for the prompt application of the moneys to the manufacture of clothing and textile products in the aforesaid factories. The enterprise is to be managed by a central board composed of representatives of the Supreme Council of National Economy of the Soviet Government and of the Russian-American Industrial Corporation; each side commanding an equal number of votes irrespective of the number of representatives.

This Central Board is charged with:

(A) The general administration and technical management of all the enterprises and combinations of enterprises.

(B) The making of plans for manufacturing and the supervision over their execution.

(C) The general management of all operations in supplying factories with raw materials, fuel, food supplies, machinery, and auxiliary materials.

(D) The production and marketing of products.

(E) The taking of all the measures for the enlargement of the enterprise and the improvement of production.

(F) The reporting of its activities in the manner, form, and time stipulated by special agreement between the Supreme Council of National Economy and the American Corporation.

Guarantee of the Investment.—The whole property invested by the Russian-American Industrial Corporation on the territory of the Russian Socialist Federative Soviet Republic is guaranteed in the concession by the Supreme Council of National Economy of the Soviet Government. The Soviet Government transfers to the Central Board the aforementioned factories in Moscow and Petrograd, with all buildings, equipment, machines, auxiliary enterprises and stores of raw materials and fuel which are to be found in the

factories at the time of the transfer. The Central Board, furthermore, is ordered to take an inventory and make an evaluation of all the property received by it in terms of prevailing gold prices in the international market.

Priority Provisions.—In order to assure, so far as is practicable, uninterrupted production in the factories stipulated in this concession, the concession makes certain provisions for priority. The Central Board, thus, has preference on orders, and also on raw materials, fuel, and transport from the various departments of the Russian Socialist Federative Soviet Republic, and the Central Board, in turn, obligates itself to give priority to government orders.

Conditions of Liquidation.—Each of the contracting parties has a right to demand the liquidation of the Central Board if (1) one of the parties violates the basic terms of the contract between the Soviet Government and the American Corporation; (2) one of the parties acts in a manner injurious for the other; and (3) in the event of an insoluble disagreement as to the meaning and intent of the terms of the contract.

In the event of the liquidation of the Central Board, a liquidation commission will be appointed to carry the liquidation through.

Such a commission will be composed of an equal number of representatives of the Soviet Government and of the Russian-American Industrial Corporation.

On the liquidation the whole property of the Central Board that is on the territory of the Russian Socialist Federative Soviet Republic becomes the property of the Supreme Council of National Economy and the original investments and capitalized profits of the American Corporation, less amortization, are returned to that corporation, in the form specified by the liquidation commission.

THE LAUNCHING OF THE AMERICAN CORPORATION

At the Fifth Biennial Convention of the Amalgamated Clothing Workers of America, President Hillman reported on his trip to Russia. He described his interview with the representatives of the Soviet Government, his survey of the clothing industry in Russia, and he reiterated his belief in the political and economic stability of the existing Russian government. He recommended, therefore, that the Amalgamated take the initiative in launching in Russia industrial enterprises that would lead rapidly and inevitably to the economic rehabilitation of the country

and its peoples. As an indication of the investment possibilities of Russia he pointed to the scramble for concessions already begun by the capitalists of many countries. And he concluded with the hope that workingmen and women of the United States and those who desired the revival of industrial life in Russia would not hesitate to lend all their efforts and resources.

Immediately upon the close of Mr. Hillman's address, the convention unanimously adopted the following resolution, authorizing the officers of the organization to organize an American corporation to enter in the necessary arrangements with the Soviet Government, to set aside \$50,000 as the initial investment of the organization in this corporation and to set aside \$10,000 for the initial expense in organizing the enterprise:

"Whereas, Russia has suffered severely in the war and from a very extensive and prolonged drought, bringing famine and starvation in its wake with the accompanying disease and pestilence; and,

"Whereas, The world, and particularly the United States, has been moved to contribute generously for the relief of the millions of starving Russians, a response which is deserving of high commendation and appreciation; and,

“Whereas, The war and the famine have prevented, for the time, the economic reconstruction of Russia; and,

“Whereas, The present problems of Russia cannot be solved solely with the aid of philanthropy or gratuitous gifts, but by economic co-operation with Russia and the Soviet Government of Russia to the end that her enormous resources may once more be able to provide for her requirements; and,

“Whereas, We are informed that the Soviet government is willing and desirous of entering into industrial arrangements for the manufacture of clothing and for the carrying on of other industrial enterprises in Russia;

“Now, therefore, Be it hereby declared our purpose so to join in co-operation with the Soviet Government of Russia, and we authorize the officials of this organization, at their discretion and upon their judgment, to enter into arrangements with the Soviet government of Russia for the manufacture of clothing and for carrying on such other industrial enterprises as to them shall seem best; that in carrying on such work they may use such methods and devices as may seem best, either by the forming of a corporation, or of several of them, either for the owning of stock in Russian companies entirely or in connection with the Soviet government, or for the purpose of directly carrying on industry in conjunction with or without co-partnership with the Soviet government; and for that purpose we hereby set aside the sum of \$50,000 to be the investment of this organi-

zation therein, and also set aside the further sum of \$10,000 for the purpose of carrying on and defraying expenses that may be incurred in connection therewith."

On June 2, 1922, there was organized under the laws of the State of Delaware, the Russian-American Industrial Corporation, empowered "to manufacture and sell clothing in foreign countries, either directly or by agreement with others."

THE RUSSIAN-AMERICAN INDUSTRIAL CORPORATION

Purpose.—The purposes of this corporation are:

(1) To aid and assist in developing the resources of Russia, thereby furthering the economic progress of Russia and the American progress in that country.

(2) To manufacture, convert, sell, purchase, or otherwise acquire textiles, fabrics, cloths and any or all articles of wearing apparel, as well as any or all parts thereof and things necessary or requisite or connected therewith.

Capitalization.—The capitalization of the corporation is \$1,000,000.

Shares.—It is the hope of the organizers of

the corporation that subscription to its stock will be widely distributed so as to enable the thousands of persons of small means who are interested in the rehabilitation of Russia to purchase stock. The capital stock is, therefore, made to consist of 100,000 shares of the par value of \$10.00 each.

Earnings.—This enterprise is conceived as essentially a co-operative one and its purpose, first and foremost, is to aid in the industrial reconstruction of Russia. The resources of Russia are, however, enormous. Already foreign groups of capitalists are pressing for concessions in Russia in the anticipation that these concessions will yield substantial returns. With the preferred position which this enterprise will enjoy in Russia, there are reasonable expectations of even more substantial returns on the investment in the Russian-American Industrial Corporation. In accord with sound principles of economic development, however, it will be the aim to turn back into further Russian development all returns over dividends from time to time considered fair by the directors. Such applications of capital in the same and other enterprises and accumulated surpluses will remain the property of the Russian-American Industrial Corporation.

Control.—Shares of stock will be sold to workers and to all others who care to subscribe. Provision is made, however, to prevent the control from falling into the hands of individuals or groups, holders of large blocks of stock.

Mr. Sidney Hillman, is President of the Russian-American Industrial Corporation, with offices at 31 Union Square, New York, N. Y.

SUBSCRIPTION BLANK

RUSSIAN-AMERICAN INDUSTRIAL CORPORATION

(DELAWARE CORPORATION)

Capital.....\$1,000,000 Shares.....\$10.00 each

I hereby offer to subscribe for.....shares of the capital stock of Russian-American Industrial Corporation at Ten Dollars (\$10.00) per share, full paid and non-assessable. I understand that my offer is subject to acceptance by the Corporation only at its office, at 31 Union Square, New York City.

Enclosed herewith find \$.....payment

on.....shares. [Note: Subscription for five (5) shares or less, full payment is requested herewith.] I agree to pay any balance in two installments—one-half on or before October 1, 1922, the other half on or before December 1, 1922.

Name.....

Address.....

Dated.....

(Make all checks, drafts, or money orders payable to the order of the Russian-American Industrial Corporation.)



If you have subscribed your own share, see that your friends do their bit. It is idealism that pays, a business that serves an ideal.